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## **OPERATIVE MANAGEMENT AS A FUNCTION OF THE TOURISM FIRM'S DEVELOPMENT**

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The author emphasizes the importance of management in the successful functioning of overall management in the firm's development, directs attention to the problem of choice of the necessary number of variables as to the choice of concrete variables for research from which are derived results and management decisions which direct the pace and direction of movement of development of a concrete firm.

The author especially emphasizes the importance for management to know how to interpret management results, and wisely apply them for making operative decisions.

The author especially analyses management of the product's quality and services, and underlines their importance as a segment of operative management in the firm's development.

**Key words:** tourism, operative management, quality, services

### **1. FOREWORD**

The operating management is to be understood as transformation of material goods into products and services.

The management is a continuing process with the purpose to achieve such an organization which will be able to accomplish all given tasks in the best possible way. If contains a process of planning, organizing, leading and controlling work activity of members of a particular company, the use of available resources of the company, aiming at to accomplish the given goals.

Since our duty is to explain the influence of the operating management in the development of company, it is necessary to point out the basic characteristics of a business management as well as the implications of scientific management. For a business company we might say that its basic goal is how to achieve profit by managing all segments of the company: administrative, technical and human processes. A high-grade management leads the company to prosperity by producing goods and services which are necessary just so to the

### *Consequences of operating researches*

Scientific management must analyze business problems as well as scientifically research of all presumptions, on which the decisions were based.

It is important to analyze the essential matter, not getting lost in peripheral and unimportant to analyze the essential matter, not getting lost in peripheral and unimportant problems. However, operating researches must be valued and the manager have to know how to explain the results attained by quantitative methods. As per Bennett, there are some difficulties combined with operating researches and with statistical methods of making decisions, as follows:

- a) Possibility to forget some essential elements of a problem;
- b) Since there are many different variabilities which may effect some business problems, it is necessary to choose an adequate number of those variabilities which will enable making an optimal management decision;
- c) A bad approach to operating researches by the insufficiently trained managers in using the quantitative methods, might lead them to make very bad decisions;
- d) A high - grade solution depends upon data accuracy, which it is based on. A high range of information is subject to mistakes in numeral characters.

It is important to point out that a success in realization of a management decisions depends upon workers' good-humoured-mood, inter-personal relations etc., what has not always been included into statistical methods; and, at last, what happens very often, the managers accept the results of operating researches, believing in their efficiency without a real understanding of assumptions and mathematical operations.

## **2. OPERATING MANAGEMENT**

The operating management includes implicitly of transforming material resources into the goods and services. It includes: production, purchase, modulating and standard-keeping, quality, industrial engineering and workers performance-payment-method. Since the structure of production is not the main part of our survey we shall dwell upon the other segments of the operating management.

### *a) Purchase Management*

The duty of purchase management is to keep free and permanent transforming of raw material into ready-made products and services. Now, the purchase activity ranges from supplying of raw-material, secondary material, capital goods and equipment to negotiations and agreements with suppliers regarding

price, quality, delivery terms, attending and researching the sources of purchase, keeping records on stocks, quality control and quantity of delivered goods.

It solves all possible conflicts with suppliers.

Purchase management may be organized for one product only, for a group of products, or as a head-department for the company as a whole.

When organizing departmental purchase, one should always keep in mind the following rules:

1. Decentralized purchase ensures a fast and practical supplying for the needs of the department, however it is more expensive and uneconomical model;
2. Centralized purchase requires specially skilled personnel, ensures lower prices, shorter delivery terms, possibility to keep the standard records on purchase (such as typing contracts, forms etc.), possibility of the control-processing integration of current work and stocks, as well as the long-term joining and company influence on the quality work of suppliers owing to larger quantity and value of the purchasing for the whole company necessities, not only for a single department. It is evident that a hotel chain, for example, will make an annual supplying agreement at more competitive prices for meat, wines, or washing-up liquids, instead when each hotel or restaurant makes it separately.

One wonders if it would be better to produce some items in the own company or purchase them from the supplier. As a rule, it is cheaper to buy from supplier; however, it might be of a good reason to produce some items in the own company if it is a hotel or a restaurant, open seasonally, in order to keep back their staff off season, so to organize for such a production which might ensure to the employees some earnings.

It is very important for a purchase policy to have correct attitude towards stocks. The stock level should be such one which would enable undisturbed running odd business, but at the same time, which would not burden financial budget of the company; it is generally known that in stock, labor and in ready-made products there are financial resources, own or not one's own (banks, suppliers), and the greater they are the more expensive would be services and products. Besides, by taking care of optimally engaged resources in stocks, we release a part of resources, which we may engage for other purposes to achieve an additional profit.

#### *b) Modulling and standardization*

Each company makes efforts to become as profitable as possible and to ensure that their products and services are attractive to their consumers and buyers. This may be achieved by better modeling. This process may be achieved by:

1. Determing product function;

2. Establishing the customers' taste and wishes;
3. Estimating the necessary material;
4. Valuing the available options.

By doing the modulling the workers have duty to control the large number of options: product or service quality, time-processing, aesthetic attribute of products; however, their implementation is limited to the cost rate, availability of necessary material, market acceptability and technical demand of production.

A good modulling result:

- 1) The shortest invested labor and material expenses;
- 2) Maximal production value;
- 3) Reducting of cost processing;
- 4) Functional and attractive product to customers.

A computer is used very often in the modulling process. By means of computer we can module a picture with a much better quality than by the classical way of modulling, we can spare time in studying the elements of modulling option. The all relative data can be filed in computer and can be used later for calculating, estimating costs and confirm immediately costs for each modulling.

Standardization enables lower business costs, easier transfer of goods, cheaper stocks and particularly:

- a full engagement of equipment and labour;
- faster inspection and better control;
- higher degree of specialization, work disposition and simplification of hotel administration and other documentation.

The main duty of standardization is to cut the costs. It may be attained by observing some components of our observation and by better adjusting, or rejection, or by substituting the existing components with new ones, which will bring a better adjusting, or rejection, or by substituting the existing components with new ones, which will bring a better efficiency, lower costs and greater company profit. To achieve this it will be necessary:

- 1) Find out the additional and adaptable components;
- 2) Adjust product or service to satisfy the future demands;
- 3) Rebuild components in order to enlarge the range of application;
- 4) Reduce product or service volume;
- 5) Combine with all inputs for our necessities.

c) *Quality Management*

It is rather difficult to define quality management, since different cases may be treated in different ways. To recognize a quality product it is necessary to know standards and the way of comparing and measuring.

A high-grade quality product must:

- Satisfy customers demands (the higher degree of satisfaction the better is quality product and vice versa),
- relate in price and quality;
- be reliable and long lasting;
- have technical characteristics;
- be aesthetically attractive;
- suite the purpose for which a product is produced;

It is essential that the product or service must not be under the normal standard; a permanent quality control either through statistic or inspection must be implemented;

It must be immediately ascertained why some products or services are of the framework of quality parameter and immediately take actions and measures to eliminate the reasons which diminish the standard quality.

The structure of this observation might be organized either in each unit of the company or as a central unit for a whole company. Organizing model depends on what is to be analyzed, its characteristics, structure of personnel etc.. According to Genichi Taguchi, a Japanese specialist, the company low quality may provoke several costs: repair and modification costs, control costs, market reduce, untrustworthiness and overall customers dissatisfaction.

He believes that losses can be avoided:

- 1) by less devoting attention to measuring the exception of specification, giving more attention to analyzing and eliminating factor which provokes unevenness of output;
- 2) by modulling the goods in a way to be produced with minimal exception of product itself and its labour;
- 3) by experimenting in order to establish critical product parameter which generates unevenness in production;
- 4) by clear verification of quality options which can be controlled, and of those which we might be able to influence upon.

*d) Industrial Engineering*

The duty of operating management regarding the industrial engineering is to achieve the largest possible production and greatest possible speed production.

The industrial engineering is engaged in:

- work study (what time and labour is necessary to produce a product);
- motion study (analyzing tiredness caused by body motion and body position etc.);
- ergonomic (the improvement of relations between workers and working environment);
- department arrangement (arrangements by product criteria: everything necessary for production of an item is grouped on one place; arrangement by processing criteria by making a group of resource and machines for a certain type of work).

The advantage of the industrial engineering is in better using of components, with less waste, homogenizing the products in order to attain lower costs but greater profit.

*e) Payment Methods*

For a successful company it is necessary attract to keep and motivate good workers. Without satisfied employees even the best management will not be able to achieve planned results.

Therefore it is essential to constitute the following payment system:

- 1) to be acceptable by management and by workers;
- 2) must be easily understood and easily applicable;
- 3) to obtain a relation of wages directly depending by quality and quantity of the performed job;
- 4) to guarantee minimal wages;
- 5) to give the workers feasible and measurable results;
- 6) to ensure a rational wage policy;
- 7) to ensure the average wages to average workers.

The payment system must include special rewards, public acknowledgment and other stimulating measures which will improve quality performance of the workers, and will make them satisfied and will create the feeling of belonging to the company.

On the other side it will help management to transfer results into profit necessary for further growth and prosperity of the company.

## CASE STUDY - HOTEL "HOLIDAY" ZAGREB

To verify the above facts, we will take as an example one hotel. The representative example is the hotel "Holiday".

It is situated by the high way E70 on the west side of the entrance to Zagreb. It is well connected with the airport "Pleso", and also with the highways towards Slovenia and eastern parts of Croatia.

Four-star luxury hotel takes 15000 m<sup>2</sup> of the area, it has central heating and it is completely air-conditioned. There is a huge parking in front of the hotel with 200 parking fees including the possibility for the truck parking.

The accommodation capacities are the following:

- 159 rooms total;
- 75 double rooms with 2 beds
- 49 single rooms with bed width 160 cm
- 31 single rooms with bed width 190 cm
- 4 apartments which includes bedroom, salon and 2 bathrooms

All rooms are air-conditioned, they all have their own bathrooms and WC, mini-bar, telephone with direct telephone line, radio, colour television, and satellite.

The hotel has its own laundry for the guests' needs and also has the possibility for taking the clothes to the cleaners.

The hotel has catering contents for food and drink serving, and also the possibility for the business meeting:

- the main restaurant with 200 seats very nicely decorated
- tavern restaurant with grill and barbecue (80 seats) - national style
- aperitif bar with 40 seats
- underground disco with 200 seats capacity
- conference and banquet halls with 200 seats
- salon "A.G. Matoš" nearby the reception and the main hall with 80 seats
- the main kitchen, warm and cold confectionery - dishwasher
- room service from 7.00 to 24.00

The hotel has a restaurant for the employees and also cloak-room with shower and WC, and everything is placed in the basement.

Air-condition equipment is also situated in that part of the hotel, and not far from the hotel is the central boiler for the heating and warm water.

The IFOR are the guests of the hotel at the moment.

From the quick preview of the hotel we get the conclusion that this hotel is the one of the most eminent hotel catering establishments such as "Esplanade" and "Intercontinental" hotels.

However it hasn't always been this way. The hotel started to work in 1988. It was closed because of the bad business results. In the end of 1988 it was opened again but without any improvement. The hotel founders think whether to reconstruct the first activity of the hotel or do something else. They came to idea to invite the well-known manager (B.J.) to consult with him. After the analysis B.J. took place of the general manager in the hotel. Since then, the hotel has been getting the successful management. The first moves which the general manager has been taken was to introduce the good and steady management in the operating management.

In the supply service he employs two managers and he works out with them the strategy of the supplying. The suppliers are strictly qualified according to the quality of the good, prices and other privileges (delay paying, etc.). The supplying is not performed for the store house but it is delivered daily or weekly.

These measures achieved great savings without decrease of the quality. The supply service has been centralized and the capital has been multiplied.

Besides, the general manager paid the great attention to the quality of the hotel product. He has made certain changes for the better look of the interior of the hotel, in one word, he created a very recognizable hotel with its quality and looks.

In the part of the operating management the special attention has been given to the method of paying the employees. They are paid by effects they have had in their own working place with extra stimulation for saving.

The most successful employees have been rewarded in public which is a very stimulating move for the rest to get their best results.

The consequence of all this is that the hotel "Holiday" nowadays is a very successful and stable enterprise.

### 3. CONCLUSION

We may say that there are different activities in a company that have a common goal: to achieve the best possible results i.e. profit which will make all segments of the company satisfied. Taking part in performing of these tasks or goals, the operating management takes a very important place whose achievements will directly effect the results of the whole management. Certainly, if the goals are clear and easily understood each employee, and if the atmosphere in the company is such that everybody wants to realize his part in the achievement of the common goal, then the realization will be more than average to the general satisfaction.

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## Sažetak

### OPERATIVNI MANAGEMENT U FUNKCIJI RAZVOJA TURISTIČKOG PODUZEĆA

Autor ističe značaj operativnog managementa u funkciji uspješnog rada sveukupnog managementa u pravcu razvoja poduzeća, skreće pažnju na problem izbora potrebnog broja varijabli kao i o odabiru konkretnih varijabli pri istraživanju iz čijih će rezultata proizići takve odluke managementa koje će usmjeriti tempo i smjer kretanja razvoja konkretne organizacije.

Autor ističe naročitu važnost oblikovanja managementa da bi znao isčitati rezultate operativnog managementa, te ih znalački primijeniti pri donošenju operativnih odluka.

Posebno se analizira management nabave, oblikovanje i standardizacija te kvaliteta proizvoda i usluga i ističe njihovo značenje kao dijela operativnog managementa na razvoj poduzeća.

**Ključne riječi:** turizam, operativni management, kvaliteta, usluge